

MoDOT Workforce Planning Key Components

Human Resources Employee Performance Management Support

February 18, 2011

Executive Summary

Employee Performance Management Support is a critical function performed by the Human Resources (HR) in the districts and in the HR Division. This function includes the HR support given to supervisors and employees regarding all aspects of managing an employee's performance, including MAPS, employee recognition programs, and support related to all disciplinary actions.

Performance of this function statewide takes the time of approximately 17.5 FTEs on an annual basis, at a cost of approximately \$1.6 million in total personal services costs (salary and fringe benefits). Current E&E expenses statewide expended to support the function are minimal.

Our initial assessment reveals that this function could be outsourced because there are external resources available to perform similar work. Our preliminary estimation is that such cost for consulting work would be in the range of approximately \$9.4 million annually. Our assessment further revealed that the function could be streamlined through regionalization, centralization, or by eliminating certain aspects of existing processes.

Please use the questions below for each function and summarize the information within the final business plan.

- ***Why does this function exist within MoDOT?***

This function exists within MoDOT to manage an employee's performance in order to meet the department's mission and tangible results.

- ***What does this function accomplish?***

This function helps to ensure employees know their role in the organization, what is expected in individual job titles, how well the individual is performing, and they are given the tools necessary to perform their jobs.

- ***How does this function add value?***

This function adds value by contributing to the overall success of the organization because MoDOT is only as successful as its employees.

- ***Is this function core (i.e., mission critical in helping achieve the Tangible Results)?***

Yes, this function is core and directly tied into achieving the Tangible Results.

- ***Does this function need to be provided on a continual basis?***

Good performance management should be informal and occur every day. The formal process should be documented at set intervals.

- ***Would loss of the control of this function harm the organization?***

Potentially it could have a negative impact as performance management decisions would be made by others with less knowledge of MoDOT and its business. (Note: We interpreted "loss of the control of this function" to mean we would completely turn it over to someone outside of MoDOT with little to no input.)

- ***Would loss of expertise have a negative impact on MoDOT?***
Whether or not a loss of expertise would have a negative impact on MoDOT depends on the responsiveness and the level of expertise available externally. While there are no laws that mandate the function, when performed the function must be done in a manner that does not violate any employment-related laws and regulations (ADA, ADEA, FMLA, EEO, Whistleblower, constitutional protections).
- ***What would be the perception of MoDOT's customers?***
 - ***In the minds of the general public, is this function something MoDOT should be leading?***
It is not likely that tax payers are aware that this function (formal performance management system) exists within the organization.
 - ***What impression does this function leave with the general assembly or other critical political influences?***
The General Assembly may view this as a duplication of function and effort with the rest of state government.
 - ***What customers use or have access to this function? Does the customer depend solely on this function?***
There are no customers that use or have access to this function. This is exclusively a function internal to MoDOT.
- ***Availability of this function outside of MoDOT***
There are a multitude of consultants that provide a performance management system as well as consulting services. OA also maintains an electronic performance management system that MoDOT could use; however, OA does not have dedicated staff to support the process to individual state departments.
 - ***What is the availability of this activity in the private sector?***
There are consultants and employment attorneys that maintain performance management systems and provide consulting services.
 - ***How difficult would it be for MoDOT to find an adequate vendor?***
MoDOT could easily find an adequate vendor as long as we provide good partnering for them to learn our business and then be responsive and flexible to meet our needs.
 - ***Is there enough competition to ensure quality?***
Yes, there are numerous consulting firms and employment attorneys available to ensure quality and competition.
- ***Availability of this function inside MoDOT***
 - ***What are the current staffing levels supporting this function?***
There are a total of 17.5 FTEs that support this function. This includes 16 FTEs in the districts (HRS at Central Office and ten districts) plus 1.5 FTEs in HR Administration is spent on performance management activities.
 - ***Are there overlaps or duplications of staff or processes?***
Yes, districts (HRS at Central Office and ten districts) and HR's Administration share functions related to performance management. Districts primarily handle and resolve routine to complex performance management activities. HR Administration handles complex performance management

- issues/questions (including discipline) that cannot be resolved at the district level and for all terminations.
- ***How closely does the function need to be to the end-user or customer?***
As long as the function retains its current level of responsiveness, it is not necessary that the function be close to the employee/supervisor,
 - ***How easily could major changes occur?***
 - ***Could the function be eliminated completely and if so how easy would it be to do?***
MoDOT's formal MAPS process could be eliminated. HR's involvement in discipline would be easy to eliminate within HR, but this would require supervisors to administer discipline with no statewide oversight and consistency. Both have the potential to have a negative impact on the organization.
 - ***If the function is still needed, but not necessarily with MoDOT resources, how easy would it be to implement converting to managing consultants versus managing people?***
Initial setup of a consultant would take time but done fairly easy, assuming an adequate consultant is found.
 - ***Explain any significant and compelling reasons to continue doing this function specifically using MoDOT resources?***
 - ***Could it be implemented regionally?***
 - ***Could it be centralized?***
Our initial assessment is that doing the work with external resources would likely be very cost prohibitive (see information below). MoDOT may lose flexibility in how it administers its performance management system and disciplinary process if we outsource this function. There are significant unknowns related to quality of advice, response time, knowledge, and expertise in relation to historical and current practices if we outsource. Performance management (including discipline) is currently decentralized among MoDOT's ten districts and Central Office with centralized oversight by the HR Division. This function could be centralized or regionalized depending on which method provides the best level of service (accurate and timely).
 - ***What are the significant barriers prohibiting MoDOT from moving forward? How will this affect MoDOT in terms of:***
 - ***Change in technology***
There is little correlation to technology other than the method in which MoDOT's performance management system (MAPS) is delivered to MoDOT's employees.
 - ***Government regulations***
MoDOT must keep performance management (including disciplinary) policies/practices updated to conform to new laws, regulations, and court decisions.
 - ***Changing economy***
Economic factors have minimal relevance to performance management.

- ***Explain the current state of daily operation of the function –location, equipment needed, number of people needed,***
There are a total of 17.5 FTEs that support this function. This includes 16 FTEs in the districts (HRS at Central Office and ten districts) plus 1.5 FTEs in HR Administration is spent on performance management activities.
 - ***Describe the locations of buildings, etc.***
MoDOT has ten district HR offices and one office in Central Office.
 - ***Are the facilities leased or owned?***
All of the HR offices are housed within owned facilities.
- ***Explain any identified opportunities for more efficient processes***
MoDOT could explore adoption of OA's performance management system. It is unknown if this would be more efficient, particularly since MoDOT is rolling out its own automated performance system in FY11. MoDOT HR could lessen involvement with supervisors in the MAPS process of employees. MoDOT could eliminate its formal performance management system (MAPS). MoDOT could streamline the discipline process by eliminating or lessening progressive discipline steps (or adoption of zero tolerance). This could also include lightening formal discipline for first time safety violations. Central Office HR Administration could write all serious disciplinary letters (excluding minor discipline such as written warnings/performance improvement plans). In the alternative, statewide oversight of disciplinary letters could be eliminated.
- ***Explain the federal and state laws surrounding the function:***
 - ***Licensing and bonding requirements,***
There are no licensing and bonding requirements that are applicable.
 - ***Health, workplace, or environmental regulations, and***
There are no health, workplace, or environmental regulations that are applicable.
 - ***Special regulations and special insurance coverage.***
There are no special regulations and special insurance coverage that are applicable.
- ***Further detail the personnel resources attached to the function:***
 - ***Number of employees and type of labor (skilled, unskilled, professional),***
Out of the 17.5 FTEs, 16 FTEs are professional and 1.5 FTEs are technician/office support personnel. This includes 16 FTEs in the districts (HRS at Central Office and ten districts) plus 1.5 FTEs in Administration is spent on performance management activities. 17.5 FTEs – Average salary (\$54,600) x fringe benefit additive (\$39,858) = \$94,458 x 17.5 = \$1,653,015
 - ***Quality of existing staff, and***
Quality of existing staff is good based on partner satisfaction surveys. We have several SPHRs, PHRs, and experienced managers and specialists supporting this function.
 - ***Number of contract workers.***
At the present time, MoDOT does not utilize contract workers for Employee Performance Management Support functions. Our preliminary estimation is that it would cost MoDOT \$9.4 million per year to outsource this function

compared to the \$1.6 million currently spent internally. This estimate is based on the projection that current costs for consulting work would be in the range of approximately \$300 per hour, based on the hourly rate and expenses for a senior consultant which is the going rate for this work. If 17.5 FTEs are expended towards this function, the cost to MoDOT is \$1.6 million annually. A MoDOT employee typically expends 1,795 hours per year (2080 maximum hours available annually x .863 work capacity) toward their work. The cost of 17.5 consultants (at \$300 per hour) to perform the work conducted by MoDOT's 17.5 FTEs (working 1795 hours per year) would equal an annual cost of approximately \$9.4 million.

- ***Explain the types of expenses this function creates:***

HR Division and district E&E budget is minimal for supporting this function.

- ***Inventory of raw materials, supplies, finished goods,***
- ***Average value of inventory including seasonal buildups,***
- ***Equipment, and***
- ***Capital improvements.***

With the rollout of the MAPS automation system, there will be ongoing IS expenses related to maintenance of that system once fully implemented.

These maintenance costs (staff or E&E) are not currently accounted for in the cost estimates for this function. Likewise, the ongoing maintenance costs associated with HR's disciplinary database are not included in our cost estimates.

- ***Explain your major assumptions.***

We assumed that there would be a continued need for performance management and disciplinary action support.